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Rutland Corporate Finance Limited is acting for Benson Group plc in relation to the subject matter of this document and is not advising any other person or treating any other person as its customer in relation to the subject matter of this document.

If you have sold or transferred all your Existing Ordinary Shares in Benson Group plc (other than ex-rights), please forward this document and the accompanying Form of Proxy to the purchaser or transferee, or to the stockbroker or agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. Otherwise, you should retain this document for reference pending receipt of a Provisional Allotment Letter in relation to the New Ordinary Shares which are expected to be despatched to qualifying shareholders following the Extraordinary General Meeting, notice of which is contained herein.

A copy of this document, which comprises a prospectus relating to Benson Group plc in accordance with the listing rules made under Section 142 of the Financial Services Act 1986, has been delivered for registration to the Registrar of Companies in England and Wales, as required by Section 149 of that Act. Application has been made for all the New Ordinary Shares proposed to be issued pursuant to the Rights Issue to be admitted to the Official List of the London Stock Exchange. It is expected that such admission will become effective and that dealings in the New Ordinary Shares, nil paid, will commence on Tuesday, 23rd April 1996.

BENSON GROUP plc

Rights Issue to raise £5.2 million

**Unaudited Interim Results for six months ended
30th November 1995**

Board Changes

Consolidation of Share Capital

Proposed Reduction of Capital

Supplementary Proposals

Notice of an Extraordinary General Meeting of Benson Group plc to be held at the offices of Pinsent Curtis, 3 Colmore Circus, Birmingham B4 6BH at 10.00 am on Monday, 22nd April 1996 is set out at the end of this document. A Form of Proxy for use at that meeting is enclosed which, to be valid, must be completed and returned to Independent Registrars Group Limited, Broseley House, Newlands Drive, Witham, Essex, CM8 2UL, as soon as possible but in any event so as to be received not later than 10.00 am on 20th April 1996.

The latest time for acceptance and payment in full under the Rights Issue is 3.00 pm on 13th May 1996. The procedure for acceptance and payment is set out on pages 19 and 20 of this document.



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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Rights Issue and consolidation of share capital	12th April 1996
Latest time and date for receipt of Forms of Proxy	10.00 am on 20th April 1996
Extraordinary General Meeting	10.00 am on 22nd April 1996
Provisional Allotment Letters despatched	22nd April 1996
Despatch of definitive share certificates for Consolidated Ordinary Shares	22nd April 1996
Dealings commence in Consolidated Ordinary Shares, fully paid and in New Ordinary Shares, nil paid	23rd April 1996
Latest time and date for splitting Provisional Allotment Letters, nil paid	3.00 pm on 9th May 1996
Latest time and date for registration of renunciation	3.00 p.m. on 13th May 1996
Latest time and date for acceptance and payment in full under the Rights Issue	3.00 pm on 13th May 1996
Dealings commence in New Ordinary Shares, fully paid	14th May 1996
Despatch of definitive share certificates for New Ordinary Shares	24th May 1996

DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy unless the context requires otherwise:

"the Act"	the Companies Act 1985 (as amended)
"Benson" or "the Company"	Benson Group plc
"Benson Group" or "the Group"	the Company and its subsidiaries
"capital reduction"	the proposed capital reduction of the Company on the terms described in this document
"consolidation of share capital"	the proposed consolidation of the Existing Ordinary Shares into Consolidated Ordinary Shares on the terms described in this document
"Consolidated Ordinary Shares"	the Ordinary Shares arising pursuant to the consolidation of share capital
"Directors" or "the Board"	the directors of the Company, whose names are set out on page 5 of this document
"Existing Ordinary Shares"	ordinary shares of 2.5p each in the capital of the Company in issue at the date of this document
"the existing Executive Share Option Scheme"	the Benson Group Executive Share Option Scheme expiring on 31st May 1996
"Extraordinary General Meeting"	the Extraordinary General Meeting of the Company to be held at 10.00 am on 22nd April 1996, notice of which is set out at the end of this document
"the London Stock Exchange"	London Stock Exchange Limited
"new Articles"	the new Articles of Association proposed to be adopted by the Company at the Extraordinary General Meeting
"New Ordinary Shares"	the 14,309,217 Ordinary Shares proposed to be issued pursuant to the Rights Issue
"the new Share Option Schemes"	the Benson Group 1996 Executive Share Option Schemes summarised in this document and proposed to be approved by the Company at the Extraordinary General Meeting
"Official List"	the Official List of the London Stock Exchange
"Ordinary Shares"	ordinary shares of 25p each in the capital of the Company
"overseas shareholders"	those holders of Existing Ordinary Shares whose registered addresses are not in the United Kingdom and who have not provided to the Company an address in the United Kingdom for the service of notices
"Proposals"	the proposed consolidation of share capital, increase in authorised share capital, Rights Issue, capital reduction, approval of the new Share Option Schemes, amendments to the objects clause stated in the Memorandum of Association of the Company and the adoption of the new Articles, all as described in this document

"Provisional Allotment Letter"	the renounceable provisional allotment letter in respect of the New Ordinary Shares proposed to be despatched to qualifying shareholders pursuant to the Rights Issue
"qualifying shareholders"	holders of Existing Ordinary Shares whose names appear on the register of members of the Company at the close of business on the Record Date
"Record Date"	12th April 1996
"Rights Issue"	the proposed issue of New Ordinary Shares to qualifying shareholders by way of rights on the terms set out in this document
"Rights Issue Resolution"	Resolution No. 3 set out in the notice convening the Extraordinary General Meeting
"Rutland"	Rutland Corporate Finance Limited
"SAYE Share Option Scheme"	the Benson Group 1987 Sharesave Scheme originally approved by shareholders of the Company on 10th November 1987
"Underwriting Agreement"	the conditional agreement dated 29th March 1996 between the Company, Rutland and certain of the Directors, details of which are set out in paragraph 10 of Part VI of this document

PART I

LETTER FROM THE CHAIRMAN

BENSON GROUP plc

(Registered in England No. 13273) ✓

Directors

D M Rhead (Chairman)
N F Lockett (Deputy Chairman)
R Green (Director and Secretary)
J J Owens (Finance Director)
B W Baker (Non-Executive)
T D Patten (Non-Executive)

Registered Office:

Bradfield House
Pope's Lane
Oldbury
West Midlands
B69 4QT

29th March 1996 ✓

To the holders of Existing Ordinary Shares and, for information only, to the holders of options granted under the existing share option schemes

Dear Shareholder

Introduction

Nigel Lockett and I were appointed to the Board on 19th December 1995. On arrival, we found the Group in grave financial difficulty, an inadequate management structure and a workforce which was both disillusioned and demoralised. However, despite these difficulties, we remain encouraged by the prospects for growth in the Group's principal operating subsidiaries.

Today, your Board announced the Group's unaudited results for the six months ended 30th November 1995, board and management changes, and proposals to raise approximately £5.2 million, net of expenses, by way of a rights issue. But for the Rights Issue, the future of the Company would be in extreme jeopardy.

The Company is also taking this opportunity to consolidate its share capital and to seek approval for a capital reduction. These restructuring measures are necessary to enable the Company to fulfil its potential under its new senior management.

The primary purpose of this letter is to report the unaudited interim results for the Group for the six months ended 30th November 1995 and to explain the background to and reasons for the Rights Issue, the proposed terms of the consolidation of share capital and the capital reduction. Shareholders' approval of the resolutions necessary to implement the Proposals will be sought at the Extraordinary General Meeting, notice of which is set out at the end of this document.

Unaudited interim results for the six months ended 30th November 1995

The unaudited results of the Group for the six months ended 30th November 1995 show a loss before taxation of £3.4 million on a turnover of £22.7 million. The loss includes exceptional costs of £2.8 million relating to stock and debtor provisions and fixed asset write-downs, reflecting the prudent application of the Group's existing accounting policies.

The Board has found it necessary to restate the unaudited comparative figures for the six months ended 30th November 1994, having concluded that the results previously announced did not give

a fair representation of profitability in that six month period. The comparative restated profit before taxation is now £0.3 million (previously £1.2 million) on a restated turnover of £17.4 million (previously £17.5 million).

The unaudited interim results for the Group for the six months ended 30th November 1995 have been reviewed by KPMG and the conclusions of their review are set out in Part II of this document together with the full text of those results.

Directors and management

As was announced on 15th March 1996, Bryan Baker has joined the Board as a non-executive director. Mr Baker was group managing director of Tarmac PLC until his retirement in 1992 and is currently Chairman of the West Midlands Health Authority as well as a non-executive director of Birse Plc, Volvo Trucks and Bus Limited and Pemberstone PLC.

Professor Tom Patten, who is aged 70 and has been a non-executive director since 1991, is retiring from the Group and will be resigning from the Board at the conclusion of the Extraordinary General Meeting. I would like to take this opportunity to wish him well in his retirement and to thank him for his contribution during a most difficult period.

Since the appointment of Nigel Luckett and myself to the Board in December 1995, we have instigated important changes in the operational management of the Group. These have included the recruitment of Leigh Stimpson as new managing director of Benson Environmental and the refocusing of the responsibilities of existing key senior executives within the Group. Furthermore, Ron Green will be taking responsibility for improving the commercial strength and implementing operational efficiencies of the Group's operations at Knighton in place of his current role at the Group's head office and, as such, will be resigning as a Director and Company Secretary following completion of the Rights Issue. The finance function has been strengthened by the appointment of Robert Unsworth, who will take both the role of Company Secretary and Group financial controller.

Richard Phillips resigned as a director and stood down as Executive Chairman and Managing Director of the Company on 19th December 1995. He did so on agreed terms which included an immediate payment to him of £44,666 (before deduction of tax) and a further payment to be made on 28th February 1996 of £63,332 (before deduction of tax). Acting on legal advice, the Board decided not to make that further payment to Mr Phillips. Mr Phillips has now commenced legal proceedings for that payment and, again acting on legal advice, the Board is defending such proceedings and pursuing a counterclaim against Mr Phillips. The counterclaim is for damages for alleged breach of fiduciary duty.

Current trading and prospects

Following the small operating loss (before exceptional items) incurred by the Group in the six months ended 30th November 1995, its performance continues to be impaired by severe cash constraints and creditor pressure. These factors are continuing to cause serious operating inefficiencies and have led to a loss of confidence with suppliers and customers.

Despite the difficulties faced by the Group, the new Board is encouraged by the potential in the key markets it serves. In particular, the environmental air-conditioning business operates in a growth sector with good margins. Additionally, the press working operations have the benefit of a solid order book with leading manufacturers in the motor industry which should provide a sound base for improved profitability.

The proceeds of the Rights Issue are expected to relieve the financial pressures referred to above and, together with the other initiatives taken by the Board, to improve significantly the prospects of the Group. Whilst the results for the second half of the year ending 31st May 1996 are expected to be affected by further non-recurring items of up to £400,000, the Directors are confident of a significant improvement in the performance of the Group in the next financial year.

Consolidation of share capital

At present the Company has in issue 143,092,170 ordinary shares of 2.5p each. Your Board has considered the price range in which Benson's shares currently trade and believes that a consolidation of the Company's share capital would improve the marketability of the shares. Accordingly, it is proposed to consolidate the Existing Ordinary Shares of 2.5p each into ordinary shares of 25p each on the following basis:

One Consolidated Ordinary Share of 25p for every ten Existing Ordinary Shares of 2.5p each

All fractions resulting from the consolidation of share capital will be aggregated and sold and the net proceeds will be retained for the benefit of the Company. At the current market price of the Existing Ordinary Shares, extracted from the Stock Exchange Daily Official List on 28th March 1996, the fractional entitlement of any one shareholder retained by the Company pursuant to the consolidation of share capital will not exceed 54p. Shareholders should note that the consolidation of share capital applies to all holders of Existing Ordinary Shares and should therefore not alter their percentage of shareholdings in the Company other than in respect of fractional entitlements lost.

Shareholders will be asked to approve this consolidation at the Extraordinary General Meeting. It is anticipated that new share certificates in respect of the Consolidated Ordinary Shares will be despatched to shareholders on 22nd April 1996. Until then, existing share certificates will remain valid in respect of the number of Consolidated Ordinary Shares they represent.

Capital reduction

The audited accounts of the Company for the year ended 31st May 1995 showed a credit balance on the Company's profit and loss account of £1.1 million. However, the results announced today for the six months to 30th November 1995 are expected to give rise to provisions against the value of investments in subsidiaries which, in turn, will take the balance on the Company's profit and loss account into deficit at 31st May 1996. Under the provisions of the Act and without the capital reduction, Benson would be unable to pay dividends out of future profits until any profit and loss account deficit has been eliminated.

The accounting policies of the Group currently require the immediate set-off against reserves of goodwill arising in the Group's consolidated financial statements in respect of acquisitions, a policy which is in accordance with SSAP22 and is commonly adopted by other UK companies. The only reserve currently available for this purpose is the profit and loss account.

The Directors are therefore proposing a reduction of capital by way of a cancellation of the amount standing to the Company's share premium account following completion of the Rights Issue (expected to be £9,543,426 before deducting the expenses of the Rights Issue). The amount of the share premium account so cancelled will be credited to a new special reserve. This is intended to be firstly applied in eliminating any deficit on the Company's profit and loss account as at 31st May 1996, thereby facilitating the payment of dividends by the Company out of profits earned after the date on which the capital reduction takes effect, and secondly (to the extent of the then remaining balance of the special reserve) in setting off in the Group's consolidated financial statements, goodwill which has previously been set off against consolidated profit and loss account reserves, to the extent permitted by applicable accounting standards.

The capital reduction, which conforms to the provisions of the Act, requires the approval of shareholders which will be sought at the Extraordinary General Meeting. The proposed reduction must also be confirmed by the Court, and the appropriate Court order must be registered with the Registrar of Companies before the reduction can take effect. Creditors will also have a statutory entitlement to object to the capital reduction, although creditors are unlikely to do so as, in order to obtain the Court confirmation, it will be necessary for the Company to give an undertaking to the Court for the protection of the Company's creditors. Such an undertaking would provide that

(subject to certain provisos approved by the Court) the Company will not distribute to shareholders the reserve created by the reduction until creditors of the Company, as at the date of the reduction, have been paid or have consented to the reduction.

Assuming approval of the reduction by shareholders at the Extraordinary General Meeting, it is the Directors' intention to make the necessary application to the Court with a view to completing the reduction in order that it can be reflected in the Company's report and accounts for the year ending 31st May 1996.

Although SSAP22 is currently under review, the Directors believe that it is in the interests of the Company to proceed with the proposed capital reduction. If a change in accounting treatment is proposed by the Accounting Standards Board before the Court hearing to confirm the reduction, the Directors will consider the basis of the application to the Court and will proceed with the application if they consider it appropriate, without further recourse to shareholders.

Reasons for the Rights Issue

After suffering a loss before taxation of £391,000 in the year ended 31st May 1995, the Group has today reported a loss before taxation of £3,403,000 in the six months ended 30th November 1995. Furthermore, the borrowings of the Group stood at approximately £11.5 million at 1st March 1996, a gearing level of approximately 338 per cent. on the Group's net assets of £3.4 million as at 30th November 1995.

The Group's bankers, Lloyds Bank Plc, have been supportive in extending the Group's facilities on a short-term basis pending the raising of new capital. Nevertheless, the restriction on cash resources is being felt at operating level where it has been causing an adverse effect on trading performance. The Rights Issue is essential to alleviate these pressures in order that the businesses can fulfil their underlying potential, as well as to restore the financial stability of the Group as a whole.

The future of the Group is critically dependent on the successful completion of the Rights Issue, the proceeds of which will be used to repay short-term borrowings and provide working capital resources for the Group. A pro forma statement of the summarised Group balance sheet is set out in Part IV of this document.

The Rights Issue

The Company proposes to raise approximately £5.2 million, net of expenses, by the issue of 14,309,217 New Ordinary Shares at 40 pence per share, payable in full on acceptance, by way of rights to qualifying shareholders on the basis of:

One New Ordinary Share for each Consolidated Ordinary Share

deemed held at the close of business on the Record Date. For these purposes, qualifying shareholders will be deemed to hold one Consolidated Ordinary Share for every ten Existing Ordinary Shares held by them at the close of business on the Record Date. The Rights Issue is subject to the terms and conditions set out in Part III of this document and in the Provisional Allotment Letter.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Consolidated Ordinary Shares, including the right to all dividends and other distributions hereafter declared.

In respect of their aggregate holding of 1,003,626 Existing Ordinary Shares, the Directors have irrevocably undertaken to subscribe in full for their entitlement under the Rights Issue. In addition, Nigel Luckett, Jim Owens, Ron Green, Bryan Baker and myself have been offered the opportunity to participate in the sub-underwriting of the Rights Issue and, pursuant to this, intend to subscribe for up to a further 524,638 New Ordinary Shares in aggregate depending on the take-up under the Rights Issue.

The 14,309,217 New Ordinary Shares to be offered under the Rights Issue, with the exception of 100,362 New Ordinary Shares subject to the irrevocable undertakings referred to above, have been underwritten by Rutland.

The Rights Issue is conditional, *inter alia*, upon the passing of the Rights Issue Resolution and the London Stock Exchange admitting the New Ordinary Shares to the Official List and such admission becoming effective. It is expected that Provisional Allotment Letters will be despatched to qualifying shareholders following the Extraordinary General Meeting on 22nd April 1996. Admission of the New Ordinary Shares to the Official List is expected to become effective and dealings, nil paid, are expected to commence on 23rd April 1996.

Further details of the Rights Issue are set out in Part III of this document.

Dividend policy

As soon as possible, the Directors intend to re-introduce a dividend policy which is appropriate to the Group's overall financial position and level of profits. The proposed capital reduction, which is subject to the approval of shareholders at the Extraordinary General Meeting and of the Court, is expected to facilitate the payment of dividends from future profits of the Company.

New Share Option Schemes

The directors' authority to grant options under the existing Executive Share Option Scheme expires on 31st May 1996 and no further options will be granted under that scheme. At the Extraordinary General Meeting, the approval of shareholders will be sought for the establishment of two new executive share option schemes. Of these, the first is intended to qualify for Inland Revenue approval so that options granted over shares within the statutory limit (presently expected to be £30,000 per individual employee) will, if exercised within the statutory period, qualify for favourable tax treatment. Options granted to an executive over shares with an initial market value in excess of this limit will be granted under the second, unapproved, scheme.

A summary of the main provisions of the new schemes is set out in paragraph 5 of Part VI of this document. The new schemes are subject to a limit on the shares over which options (including options granted under the existing Executive Share Option Scheme which, if not already exercised, have not lapsed) may be granted in any period of ten years, of 5 per cent. of the ordinary share capital of the Company in issue from time to time.

It is intended that on, or as soon as practicable after 14th May 1996, options to subscribe for shares representing up to 3½ per cent. of the enlarged issued share capital of the Company following the Rights Issue be granted under the new Share Option Schemes to myself and those other key individual senior executives whose efforts and future commitment are vital to ensure that the Group will achieve the targets for growth which are now being set. Such options will normally be exercisable only after three years from the date of grant and only if the Group has achieved earnings per Consolidated Ordinary Share of 14.9p before tax and exceptional items as defined in paragraph 20 of Financial Reporting Standard 3. Following implementation of the Proposals, this would be equivalent to a profit before tax and such exceptional items of approximately £4.3 million in the year ending 31st May 1999.

Adoption of new Articles of Association and amendments to the Memorandum of Association

It is proposed to adopt new Articles in order to comply with changes in law and practice since the adoption of the present Articles of Association of the Company. It is also proposed to update the objects clause of the Memorandum of Association of the Company. Appropriate resolutions with regard to these two proposals will be put to shareholders at the Extraordinary General Meeting.

A summary of the principal differences between the new and existing Articles is set out in Part V, and further details of the current and proposed Memorandum and Articles of Association are set out in paragraph 6 of Part VI of this document, including a summary of the proposed changes to the Company's objects.

Extraordinary General Meeting

At the end of this document there is a Notice convening the Extraordinary General Meeting at which, in order to give effect to the Proposals, shareholders will be asked to approve the following resolutions:

- (1) a Special Resolution to replace the existing objects clause of the Memorandum of Association of the Company;
- (2) a Special Resolution to adopt the new Articles of Association;
- (3) a Special Resolution:
 - (a) to consolidate every ten Existing Ordinary Shares of 2.5p each (issued and unissued) into one Consolidated Ordinary Share of 25p;
 - (b) to increase the authorised share capital of the Company from £4,900,000 to £9,500,000 by the creation of 18,400,000 new Ordinary Shares of 25p each;
 - (c) to authorise the directors to allot relevant securities up to an aggregate nominal amount of £5,922,695; and
 - (d) to disapply statutory pre-emption rights to enable the Rights Issue (and any other similar pre-emptive offer) to be effected and otherwise to allot shares up to an aggregate nominal amount of £357,730;
- (4) a Special Resolution to approve the capital reduction; and
- (5) an Ordinary Resolution to approve the new Share Option Schemes.

Further information

Your attention is drawn to the further information in Parts II to VI of this document.

Action to be taken

You will find enclosed a Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to be present at the meeting or to take up your rights to subscribe for New Ordinary Shares provisionally allotted to you, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so as to reach Independent Registrars Group Limited, Broseley House, Newlands Drive, Witham, Essex, CM8 2UL, no later than 10.00 am on 20th April 1996. Completion and return of a Form of Proxy will not preclude any shareholder from attending the meeting and voting in person.

Recommendation

Your Board, which has been so advised by Rutland, believes the Proposals to be in the best interests of the Company and its shareholders as a whole. Your Directors unanimously recommend shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting as they intend to do in respect of their own beneficial holdings of 1,003,626 Existing Ordinary Shares in aggregate, representing approximately 0.7 per cent. of the existing issued ordinary share capital of the Company.

Yours faithfully

D M Rhead

Chairman

PART II

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH NOVEMBER 1995

Set out below is the full text of Benson Group's unaudited interim results for the six months ended 30th November 1995, the Chairman's statement and the report on the review performed by the Company's auditors.

A. Chairman's statement

This is my first opportunity to address the shareholders since I was appointed Chairman of Benson Group on 19th December 1995. When I arrived I found the Group in grave financial difficulty, an inadequate management structure and a workforce disillusioned and demoralised.

The executive directors responsible for the period now reported, the six months ended 30th November 1995, have all left or are leaving the Board, with the exception of Mr Jim Owens who was only appointed Finance Director on 29th September 1995.

By its nature this is an unusual Interim Report and I will cover the situation under three headings:

1. The six months ended 30th November 1994
2. The six months ended 30th November 1995
3. The future.

Six months ended 30th November 1994

Your Board has carried out a review of the unaudited interim results for the six months ended 30th November 1994, as the then reported unaudited pre-tax profit for that period of £1,198,000 did not appear to be consistent with the audited results reported for the year ended 31st May 1995 which showed a pre-tax loss of £391,000.

Following this review, the Directors believe that the unaudited interim results for the six months ended 30th November 1994 did not give a fair representation of profitability in that period and, therefore, have restated those results with a consequent reduction in profit before taxation from £1,198,000 to £335,000.

Six months ended 30th November 1995

The unaudited results for the Group for the six months ended 30th November 1995 show a loss before taxation of £3.4 million (restated 1994: profit of £0.3 million) on a turnover of £22.7 million (restated 1994: £17.4 million). This loss includes exceptional costs amounting to £2.8 million relating to stock and debtor provisions and fixed asset write-downs, reflecting the prudent application of the Group's existing accounting policies.

The Group showed an operating loss (after exceptional items) for this period of £2.9 million (restated 1994: operating profit of £0.4 million).

Various attempts to sell parts of the Group were undertaken, but no acceptable offers were received and heavy professional costs were incurred. Borrowings rose sharply and the Company's bankers appointed reporting accountants to monitor cash flow on a weekly basis. The escalating cash crisis caused severe operational difficulties and a loss of confidence with suppliers and customers, and central management effort was diverted from the essential daily tasks of leading and controlling the Group.

The future

Over the last three months, considerable efforts have been made to restore confidence with the Company's bankers who have been most supportive in extending the Group's facilities on a short term basis pending the raising of new capital, and the use by our bankers of reporting accountants to verify the accuracy of financial information has ceased.

The future of the Group is critically dependent on the successful completion of the proposal announced today to raise £5.2 million, net of expenses, by way of a Rights Issue in order to ensure the ongoing financial stability of the Group. This, together with the proposed capital reduction, will restore the Group's balance sheet to a position whereby dividends can be paid when appropriate.

Since my appointment, an extensive review of the financial systems and internal financial controls at all principal operating subsidiaries has been undertaken. Whilst stronger controls and improved financial systems are currently being introduced, your Board is satisfied that the existing systems and controls provided an adequate basis for the production of the interim results.

It is our intention to strengthen the Board by further executive and non-executive appointments in due course. Having now established a corporate culture based on open leadership and communication, we expect to improve performance at every level of the Group's operations.

I would like to thank our bankers, institutional shareholders, brokers and financial advisers, without whom the changes necessary at Benson Group could not have taken place. I would also like to acknowledge the support of executives and employees throughout the Group and, in particular, I would like to thank my colleague, Mr Nigel Luckett, for the significant contribution he has made.

Given the difficult position in which I found the Group, there remain many challenges ahead. Nevertheless, following the Rights Issue and the actions we have initiated, we can now look forward to the future of Benson Group with confidence.

D M Rhead

Chairman

29th March 1996

B. Group profit and loss account

	Unaudited 6 months ended 30th November 1995			Unaudited 6 months ended 30th November 1994	Audited year ended 31st May 1995
	Before Exceptional items £'000	Exceptional items £'000	Total £'000	(as restated) Note (ii)	Note (iii)
Turnover	22,713	—	22,713	17,411	38,573
Cost of sales	(18,575)	(2,082)	(20,657)	(13,689)	(30,214)
Gross profit	4,138	(2,082)	2,056	3,722	8,359
Distribution costs	(1,848)	—	(1,848)	(1,301)	(3,121)
Administrative expenses	(2,375)	(762)	(3,137)	(1,993)	(4,926)
Operating (loss)/profit	(85)	(2,844)	(2,929)	428	312
Profit on disposal of fixed assets	—	—	—	222	191
Loss on disposal of business	—	—	—	—	(129)
(Loss)/profit before interest	(85)	(2,844)	(2,929)	650	374
Interest payable and similar charges	(474)	—	(474)	(315)	(765)
(Loss)/profit before taxation	(559)	(2,844)	(3,403)	335	(391)
Taxation	—	(134)	(134)	—	(81)
(Loss)/profit after taxation	(559)	(2,978)	(3,537)	335	(472)
Dividends on equity shares	—	—	—	(172)	(172)
Transfer (from)/to reserves	(559)	(2,978)	(3,537)	163	(644)
(Loss)/earnings per share:					
before exceptional items			(0.39p)	0.09p	(0.39p)
after exceptional items			(2.47p)	0.26p	(0.35p)

C. Reconciliation of the movements in shareholders' funds

	Unaudited 6 months ended 30th November 1995 Note (i) £'000	Unaudited 6 months ended 30th November 1994 Note (ii) (as restated) £'000	Audited year ended 31st May 1995 Note (iii) £'000
Retained profit/(loss) for the financial period	(3,537)	163	(644)
Shares issued during the period	—	—	315
Goodwill on acquisition	—	—	(879)
Merger relief on acquisition	—	—	757
Goodwill on disposal	—	—	224
Movements in shareholders' funds	(3,537)	163	(227)
Shareholders' funds at beginning of period	6,977	7,204	7,204
Shareholders' funds at end of period	3,440	7,367	6,977

D. Group balance sheet

	<i>Unaudited as at 30th November 1995 Note (i) £'000</i>	<i>Unaudited as at 30th November 1994 (as restated) Note (ii) £'000</i>	<i>Audited as at 31st May 1995 Note (iii) £'000</i>
Fixed assets			
Intangible assets	—	449	392
Tangible assets	8,610	6,851	9,614
	<u>8,610</u>	<u>7,300</u>	<u>10,006</u>
Current assets			
Stocks	5,515	4,159	6,079
Debtors	10,964	10,332	9,909
Cash at bank	—	—	411
	<u>16,479</u>	<u>14,491</u>	<u>16,399</u>
Creditors – amounts falling due within one year	(21,250)	(13,868)	(18,991)
Net current (liabilities)/assets	<u>(4,771)</u>	<u>623</u>	<u>(2,592)</u>
Creditors – amounts falling due after more than one year	(399)	(529)	(437)
Provisions for liabilities and charges	—	(27)	—
	<u>3,440</u>	<u>7,367</u>	<u>6,977</u>
Capital and reserves			
Called up share capital	3,577	3,262	3,577
Share premium account	7,397	7,397	7,397
Revaluation reserve	812	823	812
Other reserves	(8,004)	(7,878)	(8,004)
Profit and loss account	(342)	3,763	3,195
	<u>3,440</u>	<u>7,367</u>	<u>6,977</u>

E. Group cash flow statement

	Unaudited 6 months ended 30th November 1995 Note (i) £'000	Unaudited 6 months ended 30th November 1994 (as restated) Note (ii) £'000	Audited year ended 31st May 1995 Note (iii) £'000
Net cash flow from operating activities	(2,151)	26	1,567
Net cash outflow from returns on investment and servicing of finance	(474)	(315)	(807)
Interest paid	—	(300)	(472)
Dividends paid	(474)	(615)	(1,279)
	(88)	(96)	(172)
Taxation			
Investing activities	(152)	(371)	(1,253)
Purchase of fixed assets	—	—	(2,282)
Purchase of business	—	1,511	2,350
Sale of fixed assets	—	—	(49)
Sale of business	—	—	—
Net cash flow from investing activities	(152)	1,140	(1,234)
Net cash flow before financing	(2,865)	455	(1,118)
Financing	131	231	619
Capital element of finance lease repayments	—	—	—
	131	231	619
Net cash flow from financing	131	231	619
Increase /(decrease) in cash and cash equivalents	(2,996)	224	(1,737)
	(2,865)	455	(1,118)
Changes in cash and cash equivalents	(6,117)	(4,380)	(4,380)
Opening balances	—	—	—
Closing balances	(9,113)	(4,156)	(6,117)
Movement	(2,996)	224	(1,737)
Reconciliation of net cash flow from operating activities:			
Operating (loss)/profit before exceptional items	(85)	428	312
Operating profit – exceptional items	(2,844)	—	—
Depreciation and amortisation	723	559	1,254
Fixed asset write downs	825	—	—
Profit on sale of fixed assets	—	—	(21)
Stocks (increase)/decrease	564	120	(758)
Debtors (increase)	(1,250)	(2,199)	(1,146)
Creditors increase/(decrease)	(84)	1,118	1,926
Net cash flow from operating activities	(2,151)	26	1,567

F. Exceptional items

The exceptional items relate to stock and debtor provisions and fixed asset write-downs reflecting the prudent application of the Group's existing accounting policies.

G. Notes

- (i) The figures for the six months ended 30th November 1995 have been reviewed by the Company's auditors (as reported in Section H below), but have not been audited.
- (ii) **The comparative figures for the six months ended 30th November 1994 have been restated in the light of information available to the present Board.** The Directors believe that the unaudited interim results announced in February 1995 in respect of the six months ended 30th November 1994 did not give a fair representation of profitability in that period and, therefore, have restated those results with a consequent reduction in profit after taxation from £1,006,000 to £335,000. The balance sheet as at 30th November 1994 and cash flow statement for the period then ended have been restated accordingly.
- (iii) The figures for the year ended 31st May 1995 do not constitute the full statutory accounts for the Group. The full accounts, which did not contain a statement under section 237(2) or (3) of the Companies Act 1985 and on which the auditors gave an unqualified report, have been filed with the Registrar of Companies.
- (iv) (Loss)/earnings per share, before and after exceptional items, is based on the loss on ordinary activities after taxation for the six months ended 30th November 1995 and on 143,092,169 ordinary shares, being the actual shares in issue throughout that period. The comparative period amounts are based on 130,472,169 ordinary shares being the actual shares in issue throughout the six months ended 30th November 1994 and 135,762,196 ordinary shares, being the weighted average number in issue during the year ended 31st May 1995.

H. Report by KPMG

We have reviewed the interim financial information for the six months ended 30th November 1995 set out in Sections B to G above, which is the responsibility of, and has been approved by, the Directors. Our responsibility is to report on the results of our review.

Our review was carried out having regard to the bulletin "Review of Interim Financial Information", issued by the Auditing Practices Board. This review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied, and making enquiries of Group management responsible for financial and accounting matters. The review was substantially less in scope than an audit performed in accordance with Auditing Standards and accordingly we do not express an audit opinion on the interim financial information.

On the basis of our review:

- in our opinion the interim financial information has been prepared using accounting policies consistent with those adopted by Benson Group plc in its financial statements for the year ended 31st May 1995; and
- we are not aware of any material modifications that should be made to the interim financial information as presented.

KPMG

Chartered Accountants

2 Cornwall Street
Birmingham B3 2DL

29th March 1996

PART III

DETAILS OF THE RIGHTS ISSUE

1. Basis of allotment and conditions

Subject to fulfilment of the conditions referred to below, qualifying shareholders will be offered by way of rights, New Ordinary Shares at a price of 40p per share payable in full on acceptance on the basis of:

One New Ordinary Share for each Consolidated Ordinary Share

deemed held at the close of business on the Record Date and so in proportion for any other number of Consolidated Ordinary Shares then deemed so held. For these purposes qualifying shareholders will be deemed to hold one Consolidated Ordinary Share for every ten Existing Ordinary Shares held by them at close of business on the Record Date.

The Rights Issue has been underwritten by Rutland as detailed in paragraph 10 of Part VI of this document and is conditional, *inter alia*, upon:

- (a) the passing of Resolution number 3 set out in the Notice of Extraordinary General Meeting contained at the end of this document;
- (b) the London Stock Exchange granting permission for the New Ordinary Shares to be dealt on the Official List, nil paid, and such permission becoming effective by 8.00 am on 23rd April 1996 (or such later time and/or date as Rutland may agree); and
- (c) the Underwriting Agreement becoming unconditional in all respects and not previously being terminated in accordance with its terms.

The New Ordinary Shares will, when allotted and fully paid, rank *pari passu* in all respects with the Consolidated Ordinary Shares deemed to be in issue immediately prior to the Rights Issue.

The allotment and issue of the New Ordinary Shares will be made upon and subject to the terms and conditions set out in this document, the Memorandum and Articles of Association of the Company and the Provisional Allotment Letter.

2. Irrevocable undertakings

The Directors have irrevocably undertaken to subscribe in full for their entitlements under the Rights Issue in respect of their current aggregate holdings of 1,003,626 Existing Ordinary Shares.

3. Provisional Allotment Letters

Subject to the condition in paragraph 1(a) above being fulfilled, it is expected that Provisional Allotment Letters (in nil paid form) for the number of New Ordinary Shares for which each member is entitled to subscribe will be despatched to qualifying shareholders (other than certain overseas shareholders, as described below) at their own risk immediately after the Extraordinary General Meeting. It is expected that dealings in the New Ordinary Shares, nil paid, will commence on the business day following despatch of the Provisional Allotment Letters. The Provisional Allotment Letters will contain full instructions regarding acceptance and payment, renunciation, splitting and registration in respect of the New Ordinary Shares.

The attention of overseas shareholders is drawn to paragraph 11 below.

4. Procedure for acceptance and payment

The Provisional Allotment Letters will set out the deemed holdings of Consolidated Ordinary Shares and actual holdings of Existing Ordinary Shares on which entitlements are based and the number of New Ordinary Shares which have been provisionally allotted to each qualifying shareholder, and for which such qualifying shareholder is entitled to subscribe. Qualifying shareholders wishing to subscribe for all or any part of the New Ordinary Shares to which they are entitled should forward their Provisional Allotment Letter in accordance with the instructions and timetable printed thereon, together with the appropriate remittance in pounds sterling, by post to Independent Registrars Group Limited, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ or by hand only to Independent Registrars Group Limited, 5th Floor, 56-60 Gresham Street, London, EC2V 7BB, so as to arrive as soon as possible but in any event not later than 3.00 pm on 13th May 1996.

The Company reserves the right, but shall not be obliged, to accept (i) Provisional Allotment Letters and accompanying remittances which are received through the post before 10.00 am on 14th May 1996 (provided that the cover bears a legible post mark with a time and date no later than 3.00 pm on 13th May 1996) and (ii) applications in respect of which the required remittance is received prior to 3.00 pm on 13th May 1996 from an authorised person (as defined in the Financial Services Act 1986) specifying the New Ordinary Shares concerned and undertaking to lodge the relevant Provisional Allotment Letter duly completed in due course.

The Company also reserves the right to treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required.

All payments must be made by cheque or bankers' draft in pounds sterling made payable to "Independent Registrars - A/c Benson Group plc" and crossed "A/c Payee", drawn on a bank or building society or branch of either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided for the members of either of those companies, and must bear the appropriate sort code in the top right hand corner. The return of a Provisional Allotment Letter with the appropriate remittance will constitute a warranty that all cheques (which are liable to be presented on receipt) will be honoured on first presentation and the Company may elect not to treat as valid acceptances in respect of which cheques and drafts are not so honoured. The Company reserves the right to instruct Independent Registrars Group Limited to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be payable on payments made before the last date for payment.

Applications to the value of £10,000 or greater which are to be settled by way of a third party payment e.g. bankers' draft, building society cheque or a cheque drawn by someone other than the applicant, and any other application the Independent Registrars Group Limited may select, will be subject to the United Kingdom's verification of identity requirements which are contained in the Money Laundering Regulations 1993 ("Regulations"). Return of a Provisional Allotment Letter with the appropriate remittance will constitute a warranty from the applicant that the Regulations will not be breached by the acceptance of the remittance and an undertaking from the applicant to provide verification of identity if so requested by Independent Registrars Group Limited.

For United Kingdom applicants this may involve verification of names and addresses through a reputable agency. For non-UK applicants verification of identity may be sought from the applicant's bankers or from any other reputable institution or professional adviser in the applicant's country of residence.

If satisfactory evidence of identity has not been obtained within a reasonable time then the Company may, at its absolute discretion, either elect not to treat as valid the relevant acceptance or to terminate the contract of allotment in which event the application monies (without interest)

will be returned to the bank or building society account where the cheque or draft was drawn but in each case without prejudice to any rights the Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid.

Payments made on behalf of a third party by a UK or EC regulated person or institution must be accompanied by written confirmation that evidence has been obtained and recorded to verify the identity of the applicant as required by the Regulations and that such records will be retained for at least five years. The name of the regulatory body and the relevant membership number should also be stated.

The following is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of a Provisional Allotment Letter (but this does not limit the right of the Independent Registrars Group Limited to require verification of identity as indicated above).

- (a) Where possible applicants should make payment by their own cheque. If an applicant does use a banker's draft or a building society cheque or other third party cheque the applicant should:
 - (i) write the applicant's name and address on the back of the bankers' draft, building society cheque or other third party cheque and, in the case of an individual, record his date of birth against his name; and
 - (ii) if a bankers' draft or a building society cheque is used, ask the bank or building society to endorse on the reverse of the bankers' draft or cheque the full name and account number of the person whose bank or building society account is being debited and overlay that endorsement with its stamp;
- (b) If an applicant delivers a Provisional Allotment Letter by hand but the accompanying payment is not his own cheque, he should ensure that he has evidence of identity bearing his photograph (for example his passport).

The latest time and date for acceptance and payment in full for New Ordinary Shares under the Rights Issue is 3.00 pm on 13th May 1996. All enquiries in connection with the Provisional Allotment Letters should be addressed to Independent Registrars Group Limited, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ (telephone number: 0181-478-8241).

5. Renunciation

A qualifying shareholder who wishes to transfer all the New Ordinary Shares comprised in any Provisional Allotment Letter or split Provisional Allotment Letter may renounce such allotment, save as required by the laws of certain foreign jurisdictions, in whole by completing the relevant form on the Provisional Allotment Letter and handing the Provisional Allotment Letter intact to the person through whom, or to whom, the New Ordinary Shares are being disposed. Once a Provisional Allotment Letter has been renounced, that letter will become a negotiable instrument in bearer form. After the last date for registration of renunciation, the New Ordinary Shares will be in registered form and will be transferable by instrument or transfer only as described in paragraph 9 below. The latest time for registration of a renunciation is 3.00 pm on 13th May 1996.

6. Splitting

If a qualifying shareholder wishes to have some only of the New Ordinary Shares comprised in any Provisional Allotment Letter registered in his name and to transfer the remainder or wishes to transfer all the New Ordinary Shares to different persons, the Provisional Allotment Letter may be split, nil paid, in accordance with the instructions printed thereon, by not later than 3.00 pm on 9th May 1996, on lodgement by post or by hand with Independent Registrars Group Limited, Balfour House, 390-398 High Road, Ilford, Essex, IG1 1NQ to be cancelled and exchanged for the split letters required.

7. Share certificates and posting

It is expected that definitive share certificates for New Ordinary Shares will be despatched by first class post at the risk of the persons entitled thereto by 24th May 1996.

8. Procedure in respect of rights not taken up

If you do not wish to take up your entitlement, you do not need to take any action.

Subject to the provisions below, and in paragraph 4 above, if payment in full for any of the New Ordinary Shares comprised in any Provisional Allotment Letter has not been received by 3.00 pm on 13th May 1996 (whether from the original allottee or any person in whose favour the rights have been renounced), in accordance with the procedure laid down in this document and in the Provisional Allotment Letter, then the provisional allotment will be deemed to have been declined and will lapse.

The Company reserves the right, but shall not be obliged, to treat as a valid subscription under the Rights Issue any Provisional Allotment Letter or remittance which is completed or executed otherwise than in accordance with the instructions set out in this document or in the Provisional Allotment Letter.

If any provisional allotment of New Ordinary Shares shall lapse as provided above, Rutland will, pursuant to the Underwriting Agreement and acting as agent for the Company, use reasonable endeavours with the assistance of the Company's brokers, Albert E Sharp, to procure subscribers for those New Ordinary Shares by not later than 5.00 pm on 14th May 1996, if a price at least equal to the aggregate of the Rights Issue price and expenses of procuring subscribers, including any value added tax, can be obtained.

If subscribers for any of those New Ordinary Shares are procured on that basis, such shares will be re-allotted at the Rights Issue price to those subscribers and the proceeds (after deduction of the Rights Issue price and expenses of procuring subscribers, including any value added tax) will be paid (without interest) to the provisional allottees who have not taken up their entitlements *pro rata* to their lapsed provisional allotments, except that amounts of less than £3 will not be paid to such persons but will be aggregated and retained by the Company. If subscribers for the New Ordinary Shares not taken up are not procured on the basis described above, Rutland will itself subscribe or procure subscribers for such New Ordinary Shares. Neither Rutland nor the Company nor any persons arranging such subscription shall be responsible for any insufficiency or alleged insufficiency of any price at which any such shares may be subscribed for, or for the timing of such subscription.

Payment of the amounts due (if any) to provisional allottees will be made by cheque, and all cheques and other documents will be sent, at the risk of the persons entitled thereto, to the first named or sole holder of the relevant shares at his registered address.

9. Transfer

After the latest time for registration of renunciation referred to in paragraph 5 above and pending the receipt of definitive certificates in respect of the New Ordinary Shares, transfers of New Ordinary Shares will, subject to the prevailing Articles of Association of the Company and any necessary stamping with payment of stamp duty, be certified by the Company's Registrars against fully paid Provisional Allotment Letters or, in the case of renunciation, against the registration receipt bearing the stamp of Independent Registrars Group Limited. Thereafter, the New Ordinary Shares will (subject to the provisions referred to above) be freely transferable by instrument of transfer or otherwise in the usual common form or in any other form which the directors may approve.

10. Taxation

The following is intended only as a guide to the general position under current United Kingdom law and Inland Revenue practice. A qualifying shareholder who is in any doubt as to his tax position should seek personal financial advice without delay.

(a) Taxation of dividends

- (i) Under current United Kingdom ("UK") taxation legislation, no tax will be withheld from dividend payments by the Company. However, when paying any dividend on the New Ordinary Shares the Company has to account to the Inland Revenue for an amount of advance corporation tax ("ACT") at a rate which is currently 20/80ths of the dividend paid.
- (ii) Individual UK resident shareholders are entitled to a tax credit of 20/80ths of the dividend and will be liable to income tax on the aggregate of the dividend and the tax credit ("the gross dividend"). Dividend income will be treated as the top slice of an individual's income and will be liable to income tax (if at all) at either the lower rate (currently 20 per cent.) or the higher rate (currently 40 per cent.) depending upon the individual's circumstances. The tax credit will discharge the liability to income tax of an individual shareholder who is subject to UK income tax at the lower or basic rate only. Higher rate taxpayers will be able to offset the tax credit against their liability to tax and (at current rates of tax) will have a further liability to income tax of 20 per cent. of the gross dividend. To the extent that a UK resident shareholder's total tax credits in respect of dividends exceed his overall UK tax liability, the shareholder may claim to have any excess repaid to him by the Inland Revenue. A UK resident corporate shareholder will not normally be liable to further UK corporation tax on any dividend received and the dividend together with the associated tax credit should constitute franked investment income in its hands.
- (iii) Whether holders of shares who are resident in countries other than the UK are entitled to a payment from the Inland Revenue of all or some of the tax credit in respect of dividends on such shares depends upon the provisions of any double taxation convention or agreement which exists between such countries and the UK. Such persons should consult their own professional advisers on the application of such provisions, the procedure for claiming payments, the incidence of taxation in the jurisdiction in which they are resident and any reliefs or credits which may be claimed for such tax credits in the jurisdiction in which they are resident.

(b) Taxation of capital gains

The Directors have been advised that for the purposes of UK taxation of capital gains, if a qualifying shareholder takes up all or any of his rights to the New Ordinary Shares, his Consolidated Ordinary Shares and the New Ordinary Shares will be treated as the same asset, acquired at the same time as he acquired the Existing Ordinary Shares represented by his Consolidated Ordinary Shares. The subscription monies for any New Ordinary Shares which a qualifying shareholder takes up will be added to the base cost of his holding of Consolidated Ordinary Shares and New Ordinary Shares. Indexation allowance will, however, only be available in respect of that part of the base cost attributable to the New Ordinary Shares from the date the subscription monies are paid or become liable to be paid.

If a qualifying shareholder disposes of some or all of the New Ordinary Shares provisionally allotted to him, or of his rights to them, or allows some or all of his rights to lapse and receives a cash payment in respect thereof, he may, depending on his circumstances, incur a liability to UK taxation on any capital gain realised. However, under current Inland Revenue practice, if the proceeds resulting from the disposal or the lapse of his rights to New Ordinary Shares do not exceed 5 per cent. of the market value (at the date of disposal or lapse) of the Existing Ordinary Shares in respect of which the rights arose, the Inland Revenue may allow the proceeds to be deducted from the base cost of his existing holding so that no immediate liability to taxation on capital gains would arise.

If a qualifying shareholder is not resident or ordinarily resident in the UK, he will not normally be subject to UK taxation on capital gains except where he carries on a trade through a branch or agency in the UK and the shares in respect of which the gain arises are used or held for the purposes of that branch or agency.

(c) *Stamp duty and stamp duty reserve tax*

- (i) No UK stamp duty or stamp duty reserve tax will be payable on the issue of Provisional Allotment Letters or split letters of allotment relating to New Ordinary Shares.
- (ii) A person who purchases rights to New Ordinary Shares represented by a Provisional Allotment Letter (whether nil paid or fully paid) on or before the latest time for registration of renunciation will not normally be liable to stamp duty but will (except in the case of the charities and bodies listed in Section 90(7) of the Finance Act 1986, or, in certain circumstances, recognised market makers and certain brokers and dealers) be liable to stamp duty reserve tax at the rate of 50p for every £100 or part of £100 of the actual consideration paid. Where such a purchase is effected through a stockbroker or other financial intermediary, that person will normally account to the Inland Revenue for any stamp duty reserve tax and will disclose that this has been done in any contract note issued to the purchaser. Otherwise, in due course, the purchaser of the rights is liable to account to the Inland Revenue for any stamp duty reserve tax.
- (iii) The transfer on sale of New Ordinary Shares after the last date for registration of renunciation will be subject to ad valorem stamp duty or (if an unconditional agreement to transfer the shares is not completed by a duly stamped transfer) to stamp duty reserve tax generally in each case at the rate of 50p for every £100 of the actual consideration paid. If the relevant provisions in the current Finance Bill are enacted, the liability to stamp duty reserve tax for agreements to transfer New Ordinary Shares made or becoming unconditional on or after 1 July 1996 will be 0.5 per cent. of the actual consideration paid.
- (iv) No UK stamp duty or stamp duty reserve tax will be payable on the registration of the original holders of Provisional Allotment Letters.

11. Overseas shareholders

(a) *Canada and the United States of America*

The New Ordinary Shares and Provisional Allotment Letters have not been and will not be registered under the United States Securities Act 1933, as amended, and the relevant exemptions are not being obtained by the Company and the New Ordinary Shares may not be offered, sold, renounced or transferred directly or indirectly in the US or, to or for the benefit of any US persons, or to persons purchasing the New Ordinary Shares for re-offer, resale, renunciation or transfer in the US, or to or for the benefit of any US person as part of the distribution of the New Ordinary Shares. "US" means the United States of America (including the states and district of Columbia), its territories, its possessions and other areas subject to its jurisdiction. "US person" means a citizen or resident in the US, a corporation, partnership or other entity created or organised in or under the laws of the US and any estate or trust, the income of which is subject to US Federal income taxation regardless of its source. In addition, the New Ordinary Shares are not to be offered in, or for purchase by, persons resident in Canada and no application will be accepted from persons so resident.

Provisional Allotment Letters will not be sent to shareholders with registered addresses in the US or Canada. If this document is received by any shareholder whose registered address is elsewhere, but who is in fact a US person or person resident in Canada, or the agent or nominee of a US person or person resident in Canada, he or she should not seek to apply. By completing and delivering a Provisional Allotment Letter, the applicant warrants that he or she is not a US person or person resident in Canada, is not applying on behalf of, or with a view to re-offering or re-selling any of the New Ordinary Shares, directly or indirectly, in the United States or Canada, or to or for the benefit of any US person or person resident in Canada.

(b) South Africa

In order to comply with South African law, Provisional Allotment Letters sent to any shareholders with registered addresses in South Africa will not be renounceable. Any person subject to the jurisdiction of South Africa will require the approval of the South African Exchange Control authorities if he, she or it wishes to take up any New Ordinary Shares.

(c) Australia

The offer of New Ordinary Shares under the Rights Issue is not being made in Australia. Neither the Provisional Allotment Letter nor the New Ordinary Shares have been or will be available for subscription or purchase in Australia or by any resident of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of any such corporation or entity located outside Australia).

(d) Other overseas territories

Persons resident in other overseas territories should consult their professional adviser as to whether they require any government or other consents or need to observe any other formalities to enable them to take up their rights.

(e) General

All payments must be made in pounds sterling.

No person receiving this document or a Provisional Allotment Letter in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Provisional Allotment Letter unless, in the relevant territory, such an invitation or offer could be lawfully be made to him and such Provisional Allotment Letter could lawfully be used without contravention of any registration or other legal requirements.

Any person outside the UK wishing to accept the offer of New Ordinary Shares comprised in a Provisional Allotment Letter must satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. **A shareholder who is in any doubt as to his or her position should consult his or her professional adviser.**

Notwithstanding the above, the Company reserves the right to treat as invalid any Provisional Allotment Letter which appears to the Company to have been executed or despatched in a manner which may involve a breach of the securities or other legalisation of any jurisdiction.

In cases where overseas shareholders are not offered New Ordinary Shares pursuant to the Rights Issue or are unable to take up their rights, such New Ordinary Shares which would otherwise have been allotted to such shareholders will be aggregated and, if possible, sold nil paid in the market, and the net proceeds of sale after deducting the expenses of sale (including any value added tax) will be forwarded to the shareholders entitled thereto at their own risk save that the amounts of less than £3.00 will not be distributed but will be retained for the benefit of the Company. The provisions of paragraph 8 above will apply to any New Ordinary Shares the rights to which have not been sold by 3.00 pm on 13th May 1996.

PART IV

PRO FORMA SUMMARISED BALANCE SHEET

The pro forma statement set out below, which is prepared for illustrative purposes only (and which, because of its nature, cannot give a complete picture of the financial position of the Group), is based on the unaudited balance sheet of the Group at 30th November 1995 adjusted for the Rights Issue and the capital reduction.

	<i>Group as at 30th November 1995 £'000</i>	<i>Rights Issue (Note 3) £'000</i>	<i>Capital reduction (Note 4) £'000</i>	<i>Pro forma Group £'000</i>
Fixed assets	8,610	—	—	8,610
Current assets	16,479	—	—	16,479
Creditors – amounts falling due within one year	(21,250)	5,244	—	(16,006)
Creditors – amounts falling due after more than one year	(399)	—	—	(399)
	<u>3,440</u>	<u>5,244</u>	<u>—</u>	<u>8,684</u>
Share capital	3,577	3,577	—	7,154
Share premium account	7,397	1,667	(9,064)	—
Revaluation reserve	812	—	—	812
Other reserves	(8,004)	—	9,064	1,060
Profit and loss account	(342)	—	—	(342)
	<u>3,440</u>	<u>5,244</u>	<u>—</u>	<u>8,684</u>

Notes:

1. The summarised balance sheet as at 30th November 1995 has been extracted from the interim results, the full text of which is set out in Part II of this document. This balance sheet has been prepared in accordance with the Company's normal accounting policies and has been reviewed by the Company's auditors.
2. No account has been taken of trading since 30th November 1995.
3. The Rights Issue is assumed to raise approximately £5.2 million (net of expenses) for the Group which will be applied initially in repaying short-term borrowings.
4. The adjustments in respect of the proposed capital reduction assume that the capital reduction will be approved at the Extraordinary General Meeting and confirmed by the Court and have been determined by reference to the amount of the share premium account expected to exist on completion of the Rights Issue. The special reserve arising on cancellation of the share premium account will be used to offset any deficit on the Company's profit and loss account as at 31st May 1996 and (to the extent of the then remaining balance of the special reserve) in setting off in the Group's consolidated financial statements, goodwill which has previously been set off against consolidated profit and loss account reserves, as explained on page 7 of this document.

PART V

SUMMARY OF THE PRINCIPAL DIFFERENCES BETWEEN THE EXISTING AND PROPOSED NEW ARTICLES OF ASSOCIATION

Set out below is a summary of the principal differences between the existing Articles of Association of the Company and the new Articles proposed to be adopted at the forthcoming Extraordinary General Meeting. Article numbers refer to the new Articles. Other than as set out below, the differences between the existing and new Articles are of a minor or technical nature.

- (i) *Article 12 – Execution of share certificates*
Share certificates are no longer required to be sealed and the new Article permits the board to take advantage of this relaxation.
- (ii) *Article 30 – Transfer of shares without an instrument of transfer*
Shares may now be transferred without a written instrument of transfer subject to the conditions and procedures laid down in the Act.
- (iii) *Article 31 – Board consent to registration of transfers*
This Article provides that the discretion of the board to refuse to register transfers of listed shares may not be exercised in such a way as to prevent dealing in those shares on an open and proper basis, as required by the London Stock Exchange.
- (iv) *Article 32 – Registration of transfers*
This Article specifically provides for situations where no certificate has been issued to the transferor, for example where it is a recognised clearing house or investment exchange.
- (v) *Article 36 – Renunciation deemed to be a transfer*
This Article expressly gives the board the same powers to refuse to give effect to a renunciation of a renounceable letter of allotment as it would have in the case of a transfer of shares.
- (vi) *Article 41 – Disclosure of interests*
To enable companies to monitor effectively the beneficial ownership of their shares, the London Stock Exchange permits the imposition of a range of sanctions on a shareholder or other person who fails to comply with a notice under Section 212 of the Act requiring disclosure of interests in shares. This Article follows the requirements of the London Stock Exchange and current practice and empowers the board to impose restrictions in respect of shares where a notice requiring disclosure of interests has not been complied with within 14 days of service. Under this Article, the board can prevent the holder of the relevant shares from attending or voting at any general meeting, withhold the payment of any dividends payable in respect of those shares and refuse to register a transfer of those shares unless the transfer is pursuant to an arm's length sale. This Article supersedes the current Article 74 permitting the suspension of the right to attend and vote when a notice requiring disclosure of interests is not complied with within 30 days of service. Where the relevant shares represent less than 0.25 per cent. of the issued shares of the same class, the only sanction which can be imposed is the withdrawal of the right to attend or vote at any general meeting.
- (vii) *Article 43 – Fractions arising on a consolidation of shares*
This Article enables the board to dispose of any fractions of shares that may arise from a consolidation of shares as it sees fit, provided that the net proceeds of the disposal are distributed to the member in question, unless such proceeds are £3 or less in which case they may be retained by the Company.
- (viii) *Article 45 – Purchase of own shares*
As at present, this Article provides that the Company may purchase its own shares. The existing provisions requiring the consent of the holders of convertible securities and setting a maximum price for the purchase of redeemable shares are no longer required by the London Stock Exchange and have not been repeated in the new Article.

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- (ix) *Article 51 – Special Business*
This amended Article excludes the giving, variation or renewal of authority to the board for the purpose of Section 80 of the Act from the definition of special business.
- (ix) *Article 55 – Directors’ right to attend and speak at general meetings*
This Article entitles a director to attend and speak at any general meeting of the Company and at any separate meeting of the holders of any class of shares in the Company.
- (x) *Article 56 – Adjournment*
This amended Article gives the chairman of a general meeting the power to adjourn the meeting without its consent if he considers it impracticable to hold or continue the meeting.
- (xi) *Article 57 – Amendments to resolutions*
This new Article reflects the common law position that no amendments to special or extraordinary resolutions (other than an amendment to correct an obvious error) may be considered or voted upon. An amendment to an ordinary resolution may be considered at a meeting of the Company if notice of the amendment has been received by the Company at least 48 hours before the meeting or if the chairman decides to accept or propose an amendment of a minor or formal nature or to correct a manifest error or one which he considers fit for consideration. The Article also provides that if the chairman shall rule an amendment out of order at a meeting, the proceedings on the substantive resolution shall not be invalidated by any error in his ruling provided it is made in good faith.
- (xii) *Article 63 – Demand for a poll*
This amended Article provides that the chairman must direct that a poll, if demanded on any issue other than election of the chairman or adjournment, must take place not more than 30 days (rather than the 28 days in the existing Article) after the poll is demanded.
- (xiii) *Article 65 – Written resolutions*
This new Article provides that any resolution which could be proposed at a general meeting may be in writing provided such resolution is executed by or on behalf of each member who would have been entitled to attend and vote at that meeting. A written resolution can be executed in several parts.
- (xiv) *Article 74 – Determination of proxy’s authority*
This Article provides that determination of the authority of a proxy or corporate representative is effective only if notice of determination is received by the Company at least two hours prior to the time of the meeting.
- (xv) *Article 76 – Class meetings*
The existing Articles of Association do not provide for the procedures which apply at separate class meetings convened for a reason other than a variation of class rights. This Article provides that when a separate class meeting is convened for general purposes the same procedures will apply at those class meetings as apply at general meetings.
- (xvi) *Article 79 – Identity of directors to retire by rotation*
In order to avoid complications where changes in the board take effect shortly before an annual general meeting, this Article provides that any director appointed after the date of the notice convening the annual general meeting shall not be taken into account in determining the directors to retire at that annual general meeting.
- (xvii) *Article 81 – Age of directors*
This new Article provides that directors shall not be required to retire from office automatically upon reaching the age of 70 or any other age and allows a director to be appointed as such even after attaining the age of 70.
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- (xviii) *Article 82 – Persons eligible as directors*
Under this amended Article, the period during which notice is required to be given to the Company of the intention to propose a person for election at a general meeting as a director is changed from between six to 21 days to between seven to 21 days prior to the meeting, as required by the London Stock Exchange.
- (xix) *Article 85 – Power of removal of directors by special resolution*
This Article provides for the removal of any director by a special resolution of the Company in general meeting. This is in addition to the statutory procedure which empowers the members to remove a director by ordinary resolution but which can prove difficult to use in practice.
- (xx) *Article 86 – Vacation of office by directors*
This Article has been extended to set out additional circumstances in which the office of a director will be vacated. These are, firstly, where a director becomes physically incapable of discharging his duties and the board resolves that his office will be vacated and, secondly, where a director is removed from office by unanimous resolution of the other directors.
- (xxi) *Article 98 – Borrowing powers*
A number of changes have been made to this article which now sets a defined limit on the directors' borrowing powers of a figure not exceeding three times the Adjusted Share Capital and Reserves (as defined in the new Articles).
- (xxii) *Article 99 – Appointment of directors to executive offices*
This Article has been amended to refer specifically to the post of chief executive as well as that of managing director.
- (xxiii) *Article 105 – Remuneration of directors*
This Article limits the aggregate ordinary remuneration of the directors (other than any executive directors) to a sum not exceeding £75,000 per year, unless otherwise agreed by the Company in general meeting.
- (xxiv) *Articles 109 to 116 – Directors' interests*
Article 109 follows the Act by requiring a director to declare to the board any interest he has in a transaction or arrangement with the Company. In order to protect a director who is not aware that he has such an interest, this Article provides that an interest of which a director has no knowledge and of which he could not reasonably be expected to have knowledge shall not be treated as an interest of his. The existing Articles permit a director to vote on certain specified transactions in which he is interested. In addition, the new Articles provide that a director may vote (and be counted in the quorum) on the purchase or maintenance of directors' liability insurance.
- (xxv) *Article 120 – Participation in meetings by telephone*
This Article makes it clear that participation at board meetings can be by means of conference telephone or other communications equipment which enables all participating to communicate with each other.
- (xxvi) *Article 125 – Secretary*
This Article has been extended to provide for the appointment of joint, temporary, assistant or deputy secretaries.
- (xxvii) *Article 139 – Scrip dividends*
This new Article enables the board, with the consent of the Company in general meeting, to offer shareholders the opportunity to elect to receive shares, credited as fully paid, instead of cash in respect of dividends.
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(xxviii) *Article 142 – Summary financial statements*

This Article enables the Company to send summary financial statements in accordance with Section 251 of the Act.

(xxix) *Article 152 – Authentication of documents*

This new Article reflects current practice regarding the authentication of documents relating to the Company and provides that authentication by a director or the secretary or any person appointed by the board is conclusive in the absence of manifest error.

(xxx) *Article 153 – Destruction of documents*

This new Article allows registered transfers, recorded dividend mandates, cancelled share certificates and other documents to be destroyed after various periods of time. Where they are destroyed in good faith without notice that they are relevant to any claim, it will be presumed conclusively in favour of the Company that the documents were valid and effective and that any particulars of the documents in the Company's records were properly recorded.

In addition, the following provisions of the existing Articles of Association have no equivalent in the proposed new Articles:

(i) *Article 8*

This Article, which relates to the directors' authority to allot shares and the disapplication of statutory pre-emption rights for allotments for cash, has been deleted as these provisions are not required to be contained in the Articles of Association and are of limited duration.

(ii) *Article 11*

The Act requires the board to make transfers to share premium account and capital redemption reserve in certain circumstances and Article 11 currently repeats this requirement. Repetition of the statutory obligation in the Articles is unnecessary and there is no such requirement in the new Articles.

(iii) *Articles 48 to 51*

The provisions of the existing Articles of Association relating to the conversion of shares into stock and vice versa do not appear in the new Articles as the Directors do not foresee any circumstances in which such a conversion would take place.

(iv) *Article 94*

This Article, which exempted a director holding the office of managing director from retirement by rotation, is not included in the new Articles.

PART VI

ADDITIONAL INFORMATION

1. Responsibility statement

The Directors (whose names are set out in paragraph 2(b) below) accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company and the Directors

(a) The Company is the holding company for a group of companies involved principally in the supply of air temperature control equipment and latex foam products, together with a range of components for the automotive and domestic appliance industries.

(b) The Directors and their respective functions are as follows:

David Michael Rhead	<i>Executive Chairman</i>
Nigel Frederick Lockett	<i>Deputy Chairman</i>
Ronald Green	<i>Director and Secretary</i>
James Joseph Owens	<i>Finance Director</i>
Bryan William Baker	<i>Non-executive Director</i>
Thomas Diery Patten	<i>Non-executive Director</i>

The business address of all the Directors is the registered office of the Company at Bradfield House, Pope's Lane, Oldbury, West Midlands B69 4QT.

3. Share capital

(a) The following table shows the authorised and issued and fully paid capital of the Company as at 28th March 1996 (being the latest practicable date prior to the publication of this document) and as it is expected to be following the Rights Issue and consolidation of share capital:

	<i>Present</i>		<i>Proposed (following the Rights Issue and consolidation of share capital)</i>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
<i>Authorised</i>				
Ordinary Shares	196,000,000	4,900,000	38,000,000	9,500,000
<i>Issued and fully paid</i>				
Ordinary Shares	143,092,170	3,577,304	28,618,434	7,154,608

(b) The provisions of Section 89 (1) of the Act (to the extent not disapplied pursuant to Section 95 of the Act) confer on shareholders rights of pre-emption in respect of the allotment of equity securities (within the meaning of Section 94 of the Act) which are to be paid up in cash.

(c) By an ordinary resolution passed on 11th December 1995, the directors were generally and unconditionally authorised to allot and to make offers or agreements to allot relevant securities (within the meaning of Section 80 of the Act) up to an aggregate nominal amount of £1,192,434 for a period expiring five years from that date.

(d) By a special resolution passed on 11th December 1995, the directors were empowered to allot equity securities (within the meaning of Section 94 of the Act) as if Section 89(1) of the Act did not apply to the allotment. This power is limited to the allotment of equity securities:

- (i) in connection with an offer (whether by way of a rights issue, open offer or otherwise) to the holders of ordinary shares of the Company in proportion (as nearly as may be) to their

respective holdings of ordinary shares, subject only to exclusions or other arrangements which the directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matters; and

- (ii) the allotment (otherwise than under paragraph (i) above) of equity securities up to an aggregate nominal amount of £178,850;

and will (unless renewed) expire on 1st December 1996 or (if earlier) at the conclusion of the next Annual General Meeting of the Company held after the date on which this resolution was passed.

(e) Subject to the passing of the Rights Issue Resolution and following admission of the New Ordinary Shares to the Official List becoming effective:

- (i) the authorised share capital of the Company will be increased from £4,900,000 to £9,500,000 by the creation of 18,400,000 New Ordinary Shares (being a 94 per cent. increase in the current authorised share capital);
- (ii) the directors will be generally and unconditionally authorised to allot relevant securities (within the meaning of Section 80 of the Act) up to an aggregate nominal amount of £5,922,695 (being 165 per cent. of the total issued ordinary share capital as at 28th March 1996) for a period of five years from the date on which the Rights Issue Resolution is passed; and
- (iii) the directors will be empowered to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the authority referred to in (ii) above as if Section 89(1) of the Act did not apply to the allotment, provided that this power will be limited to:
 - (1) the allotment of equity securities in connection with an offer (whether by way of a rights issue, open offer or otherwise) to the holders of ordinary shares of the Company in proportion (as nearly as may be) to their respective holdings of ordinary shares, subject only to exclusions or other arrangements which the directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matters; and
 - (2) the allotment (otherwise than under (1) above) of equity securities up to an aggregate nominal amount of £357,730 (representing 5 per cent. of the enlarged issued ordinary share capital following the Rights Issue);

and will (unless renewed) expire fifteen months after the passing of the Rights Issue Resolution or (if earlier) at the conclusion of the next Annual General Meeting of the Company held after the passing of the Rights Issue Resolution.

(f) Following the Rights Issue (assuming no ordinary shares have been issued since 28th March 1996 (being the latest practicable date prior to the publication of this document) on the exercise of options granted under the existing share option schemes) 9,381,566 Ordinary Shares will remain authorised but unissued of which 238,382 will be reserved for issue on the exercise of existing outstanding options granted under the existing share option schemes. The directors will have remaining authority to allot 9,381,563 Ordinary Shares, representing approximately 32 per cent. of the enlarged issued ordinary share capital of the Company, pursuant to the authority referred to in (e)(ii) above.

(g) The New Ordinary Shares, to the extent not already created, will be created by the increase in the capital of the Company contained in the Rights Issue Resolution.

(h) The Existing Ordinary Shares are in registered form. The New Ordinary Shares will, following the expiry of the renunciation period under the Provisional Allotment Letters, be in registered form.

(i) The issue premium per New Ordinary Share at the subscription price of 40p is 15p.

(j) The following options granted under the Company's existing share option schemes to subscribe for a total of 2,383,821 Existing Ordinary Shares were outstanding at 28th March 1996 (being the latest practicable date prior to publication of this document):

(i) Existing Executive Share Option Scheme

<i>Date of Grant</i>	<i>Exercise Period</i>	<i>No. of Existing Ordinary Shares under Option</i>	<i>Exercise Price (p per share)</i>
27th February 1987	20th February 1990 to 19th February 1997	72,192	22.90
31st May 1989	31st May 1992 to 30th May 1999	86,630	23.20
18th May 1990	18th May 1993 to 17th May 2000	64,266	9.30
1st June 1990	1st June 1993 to 31st May 2000	53,555	9.30
26th October 1990	26th October 1993 to 25th October 2000	26,778	9.30
6th September 1991	6th September 1994 to 5th September 2001	105,000	11.50
24th April 1992	24th April 1995 to 23rd April 2002	135,000	16.00
4th August 1992	4th August 1995 to 3rd August 2002	560,000	17.50
27th May 1993	27th May 1996 to 26th May 2003	50,000	17.00
16th August 1993	16th August 1996 to 15th August 2003	360,000	18.50
16th February 1994	16th February 1997 to 15th February 2004	60,000	15.50
31st March 1995	31st March 1998 to 30th March 2005	60,000	8.50
3rd October 1995	3rd October 1998 to 2nd October 2005	360,000	4.25
		<u>1,993,421</u>	

Options granted under the terms of the existing Executive Share Option Scheme are normally only exercisable after three years and before ten years from the date of grant. The above options have each been issued for a consideration of £1.

(ii) SAYE Share Option Scheme

<i>Date of Grant</i>	<i>Exercise Period</i>	<i>No. of Existing Ordinary Shares under Option</i>	<i>Exercise Price (p per share)</i>
16th September 1992	16th September 1997 to 15th March 1998	313,000	15.00
16th September 1992	16th September 1999 to 15th March 2000	77,400	15.00
		<u>390,400</u>	

Options granted under the SAYE Share Option Scheme are exercisable in accordance with the individual savings contracts within six months after the end of the period of five or seven years from the date of the grant.

(k) In accordance with the provisions of the existing share option schemes, the number of Ordinary Shares subject to options and the exercise price will be adjusted to take account of the Rights Issue, such adjustments to be confirmed by the auditors of the Company as fair and reasonable.

(l) As at 28th March 1996 (being the latest practicable date prior to publication of this document), the Directors are not aware of any notifiable interest in 3 per cent. or more of the issued share capital of the Company other than those disclosed below:

	<i>Existing Ordinary Shares</i>	<i>% held</i>
Thama Holdings Limited	12,696,923	8.87
Pilot Investment Trust plc	10,000,000	6.99
Baring Brothers Trust Company Limited	9,550,000	6.67
Royal London Asset Management Limited	5,460,509	3.82
British Gas Staff Pension Scheme	5,430,000	3.79
General Accident Executor and Trustee Company Limited	5,302,500	3.71

The above figures do not take into account any shares which may be issued pursuant to the Rights Issue because the level of take up is not yet known.

(m) The Company is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

4. Directors' and other interests

(a) The interests of the Directors (all of which are beneficial) and their immediate families in the issued share capital of the Company which have been notified by each Director pursuant to Sections 324 and 328 of the Act or which are required to be entered into the register kept in accordance with Section 325 of the Act, or which are interests of a person connected with a Director (within the meaning of Section 346 of the Act) and the existence of which is known or could with reasonable due diligence be ascertained by that Director or which would be required to be disclosed under Section 325 if the connected person was a director, were as at 28th March 1996 (being the latest practicable date prior to the publication of this document) as follows:

	<i>Number of Existing Ordinary Shares</i>	<i>Number of Existing Ordinary Shares under option</i>
D M Rhead	250,000	nil
N F Luckett	250,000	nil
R Green	443,626	327,333
J J Owens	40,000	300,000
B W Baker	nil	nil
T D Patten	20,000	nil

The combined interests of the Directors represent less than 1 per cent. of the existing issued share capital. The Directors have entered into irrevocable undertakings to subscribe in full for their entitlements under the Rights Issue. D M Rhead, N F Luckett, J J Owens, R Green and B W Baker have agreed to participate in the sub-underwriting of the Rights Issue and, pursuant to this, intend to subscribe for a further 524,638 New Ordinary Shares in aggregate or, if less, the aggregate entitlement to New Ordinary Shares not taken up by qualifying shareholders.

Save as disclosed above, none of the Directors of the Company has any interest, beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries.

(b) The aggregate of the remuneration paid and benefits in kind granted to the directors of the Company by the Group in the financial period ended 31st May 1995 amounted to £305,000 of which £242,000 related to former directors of the Company. The Directors estimate that the emoluments

payable to the Directors under the arrangements in force at the date of this document for the current financial period will amount to approximately £186,000. The total amount of the Directors' emoluments will not be varied in consequence of the Proposals.

(c) D M Rhead, R Green and J J Owens each have a service agreement with the Company dated 8th February 1996 and N F Luckett has a service agreement with the Company dated 28th March 1996 all of which are terminable on 12 months' notice by the Company, or six months' notice by the director, given at any time. These service agreements include provisions relating to remuneration to the following effect:

<i>Director</i>	<i>Annual Salary £</i>
D M Rhead	75,000
N F Luckett	60,000
R Green	50,000
J J Owens	65,000

In addition, each of these directors is entitled to membership for himself and his spouse and dependants of any private medical insurance scheme maintained by the Company, death in service life cover of four times pensionable salary and a bonus under arrangements to be agreed between the director and the board in respect of each financial year so as to give the director the opportunity of earning by way of bonus an amount equal to his pensionable salary including profit related pay for that year. Each of these directors is also provided with the use of a fully expensed Company car. D M Rhead is also entitled to a contribution in each year of entitlement from the Company into one or more personal pension plans nominated by him equal to 10 per cent. of his salary, including bonus. R Green and J J Owens are entitled to membership of the Company's pension plan (which currently provides for members to contribute 4 per cent. of pensionable earnings to it). The Company contributions to the Company's pension plan are 10 per cent. of pensionable salary. Under this pension plan, pension accrues at $\frac{1}{60}$ of final pensionable salary for each year of service.

(d) Save as aforesaid there are no existing or proposed service agreements between any director and any member of the Group.

(e) No director had or has any interest in any subsisting contract or arrangement entered into by any member of the Group which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial period or which was effected during an earlier financial period and remains in any respect outstanding or unperformed.

(f) There are no outstanding loans made or guarantees granted or provided by any member of the Group to or for the benefit of any director.

5. Benson Group 1996 Executive Share Option Schemes

Set out below is a summary of the new Share Option Schemes ("the Schemes"). The Schemes comprise The Benson Group 1996 Approved Share Option Scheme ("the Approved Scheme") and The Benson Group 1996 Unapproved Share Option Scheme. The Schemes will be administered by the Remuneration Committee of the directors ("the Committee"). They each provide for the grant of options to acquire shares by purchase and, subject to the limitations set out in paragraph (h) below, by subscription to eligible employees of the Company and any subsidiary.

(a) Eligibility

Options may only be granted to full-time directors and employees of the Company and any subsidiary. The Committee will have a discretion as to the selection of executives to whom options may be granted.

(b) Grant of options

Options may be granted within 42 days after shareholders have approved the Schemes in general meeting. Thereafter, options may only be granted within the period of 42 days following the announcement of the Company's annual or half-yearly results, or within the period of 14 days after a new employee first joins the Group. No option may be granted more than ten years after the date on which the Schemes are approved by shareholders in general meeting. Options may not be granted to any executive who is within two years of the date on which he or she is due to retire under the terms of his or her contract of employment. Options are not transferable.

(c) Exercise price

The price per share at which shares may be acquired upon the exercise of an option shall be determined by the Committee at the time of grant but shall be not less than the higher of:

- (i) the average of the middle market quotations of an ordinary share for the [three] dealing days immediately preceding the date of grant as derived from the London Stock Exchange Daily Official List; and
- (ii) in the case of options to subscribe for shares, the nominal value of an ordinary share.

(d) Exercise of options

An option is exercisable normally only after the third anniversary of the date of grant (or such later time as the Committee may determine at the time of grant) and cannot in any event be exercised later than the seventh (or, in the case of options granted under the Approved Scheme, the tenth) anniversary of the date of grant.

Except in the event of a takeover, demerger, reconstruction, or winding-up of the Company, an option may not be exercised on any occasion unless the performance-related condition to which it is subject is then satisfied.

If, after the performance target has been met, the optionholder leaves the Group by reason of injury, disability, redundancy, retirement on reaching his or her contractual retirement age, or the company or business in which he or she works leaves the Group, the option may be exercised within the period of 6 months thereafter and if not then exercised will lapse. If an optionholder dies, his or her option may be exercised by his or her personal representatives within 12 months thereafter but if death occurs before the performance target is met, an option may only be so exercised if the Committee is of the opinion that the target is likely to be met and then only in relation to a proportion of the shares corresponding to such part of the period over which performance is measured as full before the date of death. If an optionholder leaves the Group for any other reason then the option may only be exercised with the approval of the Committee and within the period of 6 months thereafter or such shorter period as the Committee may allow.

(e) Reconstruction, winding-up and takeover of the Company

Early exercise of options within specified periods is permitted in the event of a demerger (with the consent of the Committee), reconstruction or change of control of the Company in consequence of a general offer to shareholders. In the event of notice being given to shareholders of a resolution for the voluntary winding-up of the Company, options may be exercised within the period of six months beginning with the passing of the resolution to wind-up the Company. Otherwise, all unexercised options will lapse upon the commencement of a winding-up.

(f) Rights attaching to shares

Shares issued upon the exercise of options will rank equally in all respects with all other ordinary shares of the Company for the time being in issue (save as regards any rights attaching to ordinary shares by reference to a record date prior to the allotment or transfer of such shares) and application to the London Stock Exchange will be made for those shares to be admitted to the Official List.

(g) Performance-related conditions of exercise

The exercise of an option will normally be conditional upon the attainment of a performance-related condition. The performance-related condition of exercise to be imposed will be determined by the Committee at the time of grant. The Committee may from time to time vary any such performance-related conditions as they apply to outstanding options if, in their opinion, to do so would more effectively achieve the objective of affording realistic incentives to optionholders.

(h) Limit on the issue of ordinary shares under the Schemes

The number of ordinary shares over which rights to subscribe may be granted on any day under the Schemes when added to ordinary shares over which options have been granted under the Company's existing executive share option scheme (and which, if not exercised, have not lapsed) in the period of ten years ending on that day, may not exceed five per cent. of the ordinary share capital of the Company in issue on that day.

The number of ordinary shares over which rights to subscribe may be granted on any day under the Schemes, when added to ordinary shares which have been issued or over which rights to subscribe have been granted (and have neither been exercised nor lapsed in the period of ten years ending on that day under any other employees' share scheme), may not exceed 10 per cent. of the ordinary share capital of the Company in issue on that day.

Save as mentioned in paragraph (k) below, the aggregate market value (as at the date(s) of grant) of ordinary shares over which unexercised options may be held by any individual on any day under the Schemes and the Executive Option Scheme may not exceed four times his or her annual emoluments (excluding benefits-in-kind) from companies within the Group.

(i) Variation of share capital

In the event of any alteration of the issued ordinary share capital of the Company by way of a capitalisation or rights issue, sub-division, consolidation or reduction or any other variation in the ordinary share capital of the Company, the Committee may make such adjustment as they consider appropriate to the total number of ordinary shares subject to any option, and/or the exercise price payable upon the exercise of any option. However:

- (a) no such adjustment to options granted under the Approved Scheme may be made without the prior approval of the Inland Revenue;
- (b) except in the case of a capitalisation issue, any such adjustment must be confirmed in writing by the auditors of the Company to be in their opinion fair and reasonable;
- (c) the exercise price per ordinary share payable upon the exercise of any option to subscribe for ordinary shares may not be reduced below the nominal value of a share.

(j) Alteration of the Schemes

The board of directors of the Company may alter or add to the Schemes but may not make any alteration or addition to the advantage of present or future optionholders without the prior approval of shareholders in general meeting except for minor amendments for the purposes of administration of the Schemes or to take account of any change in legislation or which are necessary or appropriate to obtain or maintain favourable tax or regulatory treatment for participants in the Schemes, the Company or any company within the Group. Any amendment to the Approved Scheme will not take effect until the Inland Revenue has confirmed that it will not affect the approved status of that Scheme.

(k) Limit on the value of shares over which options are granted under the Approved Scheme

If the relevant provisions of the Finance Bill are enacted, then the rules of the Approved Scheme will be amended so that the aggregate market value of shares (as at the date(s) of grant) over which unexercised options may be held under the Approved Scheme (and any other Inland Revenue-approved executive share option scheme) by an individual at any time will be limited to the amount of the statutory limit which, at the date hereof, is expected to be £30,000.

The above summary of the main features of the Schemes does not form part of the rules of the Schemes and should not be taken as affecting the interpretation of their detailed terms and conditions. The Board reserves the right up to the time of the forthcoming Extraordinary General Meeting to make such amendments and additions to the rules of the Schemes as may be necessary or appropriate to take account of comments of the London Stock Exchange and, in the case of the Approved Scheme, to obtain Inland Revenue approval provided that such amendments do not conflict in any material respect with the above summary.

6. Memorandum and Articles of Association

(a) The objects of the Company are set out in Clause 4 of its Memorandum of Association. Its principal objects are to act as a holding company for companies carrying on any business whatsoever and to carry on the business of brickmakers (an activity in which the Company is no longer engaged).

(b) Subject to the passing of Resolution No. 1 set out in the notice of Extraordinary General Meeting at the end of this document, the objects of the Company will be updated (by adopting new objects) so as to reflect current practice and to empower the Company to carry on business as a general commercial company. The principal changes will be as follows:

- (i) the first specified object of the Company is to carry on business as a general commercial company and to carry on all trade or business and do all things incidental and ancillary thereto; and
- (ii) the Company may maintain officers liability insurance for any officer of the Company or a subsidiary of the Company to insure against liability attaching in respect of any negligence, default, breach of duty or breach of trust by that officer.

Other than as set out above, the differences between the existing and proposed new objects are of a minor or technical nature.

The existing Memorandum of Association and the proposed new objects will be available for inspection as stated in paragraph 13 below and in Note 3 to the notice of the Extraordinary General Meeting.

(c) The current Articles of Association of the Company (and the new Articles) with the exception of paragraph 6(c)(ii) below as to transfer of shares which, under the new Articles, may be transferred without a written instrument (as stated in paragraph (ii) of Part V)), contain provisions, inter alia, to the following effect:

- (i) Rights of shares
 - (a) As to voting: subject to disenfranchisement in the event of non-compliance with a notice served pursuant to any statutory provision relating to disclosure of interests in voting shares, on a show of hands every member present in person (or, if a corporation, present by a duly authorised representative) shall have one vote only, and in the case of every member present in person or by proxy, shall have one vote for every ordinary share held by him.
 - (b) As to dividends: subject to any special rights attached to any shares issued by the Company in the future, the holders of ordinary shares are entitled *pari passu* amongst themselves, but in proportion to the amounts paid up on the shares held by them, to share the whole of the profits of the Company paid out as dividends.
 - (c) As to return of capital on a winding up: the assets remaining after payment of the debts and liabilities of the Company and the costs of the liquidation shall, subject to any special rights attaching to any other class of shares, be applied in repaying to the holders of ordinary shares the amount paid up on such shares and any surplus shall be distributed amongst such holders according to the number of shares held by them respectively.

(ii) **Transfer of shares**

All transfers of shares must be effected by transfer in writing in any usual or common form or any other form approved by the board and must be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee. The board may in its absolute discretion refuse to register any instrument of transfer of, or which includes, shares which are not fully paid. The board may also refuse to register any instrument of transfer unless (a) it is duly stamped, is lodged at the registered office or such other place as the board may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer, (b) it is in respect of only one class of share and (c) in the case of a transfer to joint holders, the transferees do not exceed four in number.

(iii) **Unclaimed dividends**

All dividends unclaimed for a period of 12 years after having been declared shall be forfeited and revert to the Company.

7. Litigation

Mr Richard Phillips resigned as a director and stood down as Executive Chairman and Managing Director of the Company on 19th December 1995. He did so on agreed terms which included an immediate payment to him of £44,666 (before deduction of tax) and a further payment to be made on 28th February 1996 of £63,332 (before deduction of tax). Acting on legal advice, the Board decided not to make that further payment to Mr Phillips. Mr Phillips has now commenced legal proceedings for that payment and, again acting on legal advice, the Board is defending such proceedings and pursuing a counterclaim against Mr Phillips. The counterclaim is for damages for alleged breach of fiduciary duty.

Save as aforesaid, neither the Company nor any of its subsidiaries are, or have been, involved in any legal or arbitration proceedings which may have, or have had, during the twelve months preceding the date of this document a significant effect on the financial position of the Group, nor, so far as the Directors are aware, are any such proceedings pending or threatened.

8. Indebtedness

(a) The table below sets out the indebtedness of the Group as at the close of business on 1st March 1996:

	£'000
Secured bank overdrafts	7,107
Secured invoice discounting	3,763
Hire purchase, finance lease obligations and chattel mortgages	672
	<hr/>
	11,542
	<hr/>

(b) Save as disclosed above and except for intra-group indebtedness and intra-group guarantees, at the close of business on 1st March 1996, the Group had no outstanding loan capital (including loan capital created but unissued), term loans or any other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, obligations under finance leases, guarantees or other material contingent liabilities.

9. Working capital

The Directors are of the opinion that, having regard to bank and other facilities available to the Group following the Rights Issue and after taking into account the net proceeds of the Rights Issue, the Group has sufficient working capital for its present requirements.

10. Material contracts

The following contracts (not being in the ordinary course of business) entered into by members of the Group in the two years immediately preceding the date of this document are or may be material in addition to those material contracts detailed in paragraphs 5(iv) and 5(v) of Part 5 of the circular to shareholders dated 8 December 1994:—

(a) an agreement (the "Underwriting Agreement") dated 29th March 1996 between Rutland Corporate Finance Limited ("Rutland") (1), the Company (2) and Messrs D M Rhead, N F Luckett, R Green and J J Owens ("the Warrantors") (3) under which Rutland has agreed to underwrite the issue of 14,208,855 New Ordinary Shares at 40p per share upon the terms and subject to the conditions contained therein. The Company has agreed to pay Rutland commission equal to 1¼ per cent. of the aggregate value at the subscription price of the underwritten shares for the first 30 days of its commitment commencing on 29th March 1996 and a further commission of ½ per cent. of the aggregate value at the subscription price of the underwritten shares for each period of seven days or part thereof of its commitment after the first 30 days. In addition, the Company will pay to Rutland an additional commission of ¼ per cent. of the aggregate value at the subscription price of the underwritten shares in the event that the conditions are fulfilled and the Underwriting Agreement is not terminated in accordance with its terms. Out of these commissions, Rutland will pay sub-underwriting commissions and a commission to the brokers. The Company will pay the remaining costs and expenses of and relating to the Rights Issue. The Company will also pay to Rutland a fee of £90,000 (plus VAT).

The Underwriting Agreement, which contains certain representations and warranties by the Company and the Warrantors in favour of Rutland and certain undertakings and indemnities by the Company in favour of Rutland, is conditional, *inter alia*, on the passing of the Rights Issue Resolution and on the admission of the New Ordinary Shares to listing on the London Stock Exchange and such admission becoming effective on or before 8.30 am on 25th April 1996 (or such later time and/or date as Rutland and the Company may agree, but not later than 8.30 am on 30th April 1996). The Underwriting Agreement confers on Rutland the right, in certain circumstances, to terminate its obligations under the Underwriting Agreement prior to the listing of the New Ordinary Shares, nil paid, becoming effective.

(b) an agreement dated 9th February 1996 between the Company, Thama Holdings Limited ("Thama") and Stadex Industries Limited (acting by its joint administrative receivers), under which the Company paid the sum of £50,000 on 9th February 1996 in full and final settlement of its obligation under an agreement dated 7th December 1994 between Thama, the Company and Mr S Sengupta relating to the sale and purchase of the issued share capital of Designstart Limited (being the material contract referred to in paragraph 5(iv) of Part 5 of the circular to shareholders dated 8th December 1994) to pay further consideration of up to £150,000 dependent upon the availability to Designstart Limited of tax losses of up to £1,000,000 from periods prior to Thama's purchase of Designstart Limited.

11. Market quotations

The table below shows the middle market quotations for the Existing Ordinary Shares at the close of business on the first dealing day in each of the preceding six months before the date of this document and on 28th March 1996 (being the last dealing day in respect of which it was practicable to obtain such a quotation prior to the publication of this document):

Monday, 2nd October 1995	4.75p
Wednesday, 1st November 1995	4.0p
Friday, 1st December 1995	3.5p
Tuesday, 2nd January 1996	7.0p
Thursday, 1st February 1996	5.75p
Friday, 1st March 1996	4.75p
Thursday, 28th March 1996	6.0p

12. General

(a) The Company was incorporated in England on 5th August 1879 under The Companies Act 1862 as a company limited by shares. It was re-registered on 2nd November 1981 under The Companies Act 1948 as a public limited company and is registered with the Registrar of Companies in England and Wales with the number 13273.

(b) The registrar of the Company is Independent Registrars Group Limited of Broseley House, Newlands Drive, Witham, Essex CM8 2UL and the receiving bank and paying agent to the Rights Issue is Independent Registrars Group Limited, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ.

(c) Application has been made to the London Stock Exchange (and to no other stock exchange) for the New Ordinary Shares to be admitted to the Official List.

(d) The expenses of the Rights Issue (including the underwriting commissions referred to in paragraph 10(a) above) are estimated to be approximately £480,000 (excluding value added tax) and are payable by the Company.

(e) The New Ordinary Shares to be issued pursuant to the Rights Issue, other than the 100,362 New Ordinary Shares for which Directors have irrevocably undertaken to subscribe, have been underwritten by Rutland which is registered in England (number 2068232) and has its registered office at Rutland House, Rutland Gardens, London, SW7 1BX and is a member of The Securities and Futures Authority Limited. Rutland has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear and the contents of such references have been authorised by Rutland for the purposes of Section 152(1)(e) of the Financial Services Act 1986.

(f) The Existing Ordinary Shares are listed on the London Stock Exchange. The New Ordinary Shares will not be available in whole or in part to the public in conjunction with the application for them to be admitted to listing on the London Stock Exchange save under the terms of the Rights Issue.

(g) The consolidated financial statements of the Company in respect of the three financial years ended 31st May 1993, 1994 and 1995 (each of which received an unqualified audit opinion) have been delivered to the Registrar of Companies in England and Wales. KPMG, Chartered Accountants and Registered Auditors of 2 Cornwall Street, Birmingham, B3 2DL, were auditors of the Company for those periods and are currently auditors of the Company.

(h) Save as disclosed under "Current trading and prospects" in the Chairman's letter in Part I, there has been no significant change in the financial or trading position of the Group since 30th November 1995, the date to which the last interim results were drawn up.

(i) KPMG has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and references to its name in the form and context in which they appear and authorises the content of that report for the purposes of section 152(1)(e) of the Financial Services Act 1986.

13. Documents available for inspection

Copies of the following documents may be inspected at the offices of Pinsent Curtis, Dashwood House, 69 Old Broad Street, London, EC2M 1NR and at 3 Colmore Circus, Birmingham B4 6BH and at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document up to and including 13th May 1996:

- (a) the existing Memorandum and Articles of Association of the Company;
- (b) the audited consolidated accounts of the Company for the two financial years ended 31st May 1994 and 1995;

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- (c) the unaudited interim results of the Company for the six months ended 30th November 1995, including the report of KPMG set out in Part II of this document;
 - (d) the service contracts of the Directors referred to in paragraph 4(c) above;
 - (e) the material contracts referred to in paragraph 10 above (including those which have previously been on display);
 - (f) the rules of the new Share Option Schemes referred to in paragraph 5 above;
 - (g) the consent letters referred to in paragraphs 12 (e) and (i) above;
 - (h) the new clause 4 of the Memorandum of Association of the Company proposed to be adopted by Resolution No. 1 set out in the notice of meeting at the end of this document; and
 - (i) the new Articles proposed to be adopted by Resolution No. 2 set out in the notice of meeting at the end of this document.

Dated 29th March 1996



BENSON GROUP plc

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at 10 am on 22nd April 1996 at the offices of Pinsent Curtis, 3 Colmore Circus, Birmingham B4 6BH for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 to 4 will be proposed as special resolutions and Resolution 5 will be proposed as an ordinary resolution:

SPECIAL RESOLUTIONS

- (1) THAT the Memorandum of Association of the Company be and is hereby altered with respect to the statement of the Company's objects by the deletion of the whole of clause 4 and substituting for it the objects clause in the form produced at the meeting marked "A" and signed by the Chairman for identification purposes.
- (2) THAT the regulations produced at the meeting marked "B" and signed by the Chairman for identification purposes be and are hereby adopted as the new Articles of Association of the Company in substitution for all existing regulations.
- (3) THAT subject to and conditional upon the admission of the New Ordinary Shares (as that term is defined in the circular to the shareholders of the Company dated 29th March 1996 ("Circular")) to the Official List of the London Stock Exchange becoming effective:
 - (i) every 10 ordinary shares of 2.5p each in the capital of the Company (whether or not in issue) be hereby consolidated into one ordinary share of 25p ("25p Share"), but so that wherever as a result of such consolidation any member would become entitled to any fraction of a 25p Share, the Directors be and are hereby authorised on behalf of such members to sell the shares representing such fractions for the best price reasonably obtainable and to distribute the net proceeds of sale amongst such members rateably in accordance with their rights and interests in the consolidated shares or the fractions thereof PROVIDED THAT no such payments will be made to members of amounts less than £3.00 per member and such sum will instead be retained for the benefit of the Company absolutely and any director of the Company is hereby authorised to execute any and all instruments of transfer of such shares to, or in accordance with the directions of, the purchaser.
 - (ii) the authorised share capital of the Company be hereby increased from £4,900,000 to £9,500,000 by the creation of an additional 18,400,000 ordinary shares of 25p each;
 - (iii) in substitution for any existing authorities, the directors of the Company be hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 ("Act") to allot relevant securities (as defined in Section 80 of the Act) up to an aggregate nominal amount of £5,922,695 provided that this authority will (unless renewed) expire five years from the date on which this resolution is passed, but the Company may, before this authority expires, make an offer or agreement which would or might require relevant securities to be allotted after this authority expires:

(iv) in substitution for any existing authorities, the directors be hereby empowered to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the authority conferred by paragraph (iii) of this Resolution as if Section 89 (1) of the Act did not apply to any such allotment, provided that this power shall be limited:

(a) to the allotment of equity securities in connection with an offer (whether by way of rights issue, open offer or otherwise) to the holders of ordinary shares of the Company in proportion (as nearly as may be) to their respective holdings of ordinary shares subject only to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matters; and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £357,730,

and will (unless renewed) expire fifteen months after the date on which this Resolution is passed or (if earlier) at the conclusion of the next Annual General Meeting of the Company held after the date on which this Resolution is passed, but the Company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted after this power expires.

(4) THAT the amount standing to the share premium account of the Company after payment up in full of the shares the subject of the Rights Issue (as that term is defined in the circular to the shareholders of the Company dated 29th March 1996) be cancelled.

ORDINARY RESOLUTION

(5) THAT:

(i) The Benson Group 1996 Approved Executive Share Option Scheme and The Benson Group 1996 Unapproved Executive Share Option Scheme ("the Schemes"), copies of the rules of which have been produced to the meeting and initialled by the Chairman for the purpose of identification only, and a summary of the main provisions of which is set out in the paragraph 5 of Part VI of the circular to the shareholders of the Company dated 29th March 1996 be and they are hereby approved and established; and

(ii) the directors of the Company be and they are hereby authorised to make such amendments to the rules of the Schemes as may be necessary to take account of comments of the London Stock Exchange and to ensure that The Benson Group 1996 Approved Executive Share Option Scheme is approved by the Board of Inland Revenue under Section 185 and Schedule 9 to the Income and Corporation Taxes Act 1988; and

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- (iii) the directors of the Company may be counted in the quorum and vote and their votes may be counted on any matter connected with the Schemes notwithstanding that they may be interested in the same (except that no director may be counted in the quorum or vote on any matter solely concerning his own participation) and the prohibitions in this regard contained in the Articles of Association of the Company be suspended and relaxed to that extent.

By order of the Board

Ronald Green

Secretary

Registered Office:

Bradfield House
Pope's Lane
Oldbury
West Midlands
B69 4QT

Dated 29th March 1996

Notes:

1. A Member entitled to attend and vote at the above meeting may appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, forms of proxy must be lodged at the offices of Independent Registrars Group Limited not later than 48 hours before the time appointed for holding the meeting. Completion and return of a form of proxy will not prevent a member from attending and voting at the meeting should he so wish.
3. Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and Bank Holidays excepted) at the Company's registered office and at the offices of Pinsent Curtis of Dashwood House, 69 Old Broad Street, London EC2M 1NR for the period of this notice and at 3 Colmore Circus, Birmingham B4 6BH for 15 minutes prior to and until the end of the Extraordinary General Meeting:
 - (a) the existing Memorandum and Articles of Association of the Company;
 - (b) the proposed new clause 4 of the Memorandum of Association of the Company;
 - (c) the proposed new Articles of Association of the Company; and
 - (d) the rules of the Option Schemes referred to in Resolution 5 above.